



**Strengthening  
nonprofits and  
the communities  
they serve.**

*IFF, a nonprofit financial institution with 30 years of experience financing economic development projects in disinvested communities, has established the Healthy Food Access (HFA) Fund - a lending program and set of loan products funded by a grant from the CDFI Fund of the U.S. Department of the Treasury with matching funds from banks, foundations and other financial institutions.*

## **Healthy Food Initiative**

### **Loan Application and Reporting Requirements**

#### **I.) Purpose and Goals**

The purpose of this program is to finance full service grocery stores in high need communities throughout our region and to increase the availability of fresh food (fresh produce, fruit, baked goods, dairy products and meats). Research has found that the presence of a grocery store in a neighborhood is linked to higher fruit and vegetable consumption and that nutritious eating is closely linked to the reduction of risk for chronic disease.

The communities targeted for this financing are designated "food deserts" by the USDA or are designated Limited Supermarket Access (LSA) areas by Policy Map, an interactive research tool that uses geography, demographics, and other data to establish needs. Please see <http://www.ers.usda.gov/data/fooddesert/fooddesert.html> or <http://www.trfund.com/TRF-LAA-widget.html> to view maps. Other methods for establishing need will also be accepted on a limited basis.

The primary goal of the program is to finance full service grocery stores. Other retail models will be considered on a case-by-case basis, with particular attention to the needs of the community for which the project is proposed.

The program includes a community engagement component through which the grocer will establish relationships outside the store with community institutions or other groups, in order to engage the community in improving shopping and eating habits and establish mutually beneficial events and activities that bring informed and interested shoppers into the store. In-store promotions and merchandise placement that promote nutritious choices will also be a component of successful applications.

#### **II.) Program**

This program will provide capital financing to grocery businesses that plan to operate in high need communities where infrastructure costs and credit needs cannot be filled solely by conventional financial institutions.

Applicants should contact IFF staff to schedule a pre-application meeting prior to completing the loan application form included in this package. Applicants are asked to provide any application materials they have available at that time, including the community engagement plan (see Section IV) or documentation of an initial design for a community engagement component, to this meeting.

#### **III.) Loan and Underwriting Highlights**

Under this program, IFF provides loans for predevelopment costs, land acquisition, construction and major rehab (interior and exterior), build-out, installation of energy efficient systems, and purchase of equipment. Loans will be made for terms up to ten years for real estate and seven years for equipment. Underwriting requirements include standard applicant, project and financial information, including a business plan for the grocery store. It is expected that the applicant will provide personal and/or corporate guarantees.

Loans will be secured by a first position mortgage and/or a priority lien on accounts, equipment, or assignment of leases. The borrower will be required to contribute a minimum of ten percent of project costs and generally a greater amount as owner's equity.

In addition to In-Store promotion of healthy food, merchandising strategies to promote healthy shopping, and the acceptance of WIC and SNAP benefit programs, successful applicants will develop a community engagement component, as described in Section IV below.

To assess the impact of the program, borrowers will be required to report annually on specific progress related to grocery store sales activity, fresh and healthy food marketing activities, shopper education, the number and type of jobs created, and community engagement. Some grocers funded through the program will be asked to participate in greater in-depth analysis of changes in health factors in the community several years after increasing access to healthy food choices.

#### **IV.) Community Engagement Component**

The HFA Fund supports grocery businesses that have a desire to become engaged in assisting shoppers and community members improve their health and the health of their families through better practices with regard to shopping, planning for meals and cooking. The purpose of the Community Engagement Component is to establish links between the grocery store and community institutions and members that reflect the shared goal of improving the healthy choices for shoppers.

While many activities and efforts can and will take place within the store, it is a requirement of the program that the applicant must design and/or propose a permanent activity or set of activities that take place in the community or neighborhood where the store is located. This activity or activities must emerge from opportunities and needs in the neighborhood or community that the grocery store will serve. Each applicant will be expected to review the types of opportunities that exist in the community and incorporate these into the application. If there are no such opportunities, this should be stated in the application, and the grocer must remain committed to this component of the program and open to discussing this with IFF and undertaking activities that will be proposed during the pre-application process.

The following are presented as examples only of similar components in other projects with which IFF is involved:

A grocery store, produce aggregation facility, community garden, and cafe are being constructed along with space that will be leased by a local university's school of nutrition. Students in the school will plan menus and prepare food for five elementary schools in the neighborhood, purchasing food from the grocery store or aggregation facility.

A "strip mall" development will include a grocery store, restaurant with a healthy menu-only, and a community health center. These three entities have been brought together by the developer and will have operating relationships to support each other and help drive business into each other's operation.

A hospital has obtained land from city government to construct a grocery store, farmer's market and community amphitheater. The hospital's 3,500 employees will support the grocery store due to the convenience of the location but also through relationships between the two entities.

A community health center will include a small full-service grocery store in a new clinic it will construct, and clinic visitors will be given vouchers for fresh fruits and vegetables.

A public housing authority has issued an RFP for a grocer to locate on land near a new development; the grocer will be expected to develop programs for the residents.

A grocer relationship with several summer day camp programs provides a grocery bag each Friday with fresh fruits and vegetables for the weekend, with recipes and ideas for preparing the food. Campers receive some background from camp leaders on various items in the grocery bag; the grocer is paid through government grants (obtained by the camp) but provides the brown or plastic bags with handles and the recipes.

**A Memorandum of Understanding between the grocer, community groups and IFF related to the commitment to and operation of the Community Engagement Component will be executed.**

**V.) Eligibility**

All applicants must embrace the goals of the program. The following types of entities are eligible to apply:

- 1.) Full service grocery stores that include an emphasis on fresh and health food.
- 2.) Developers (for-profit and nonprofit) working in partnership with a grocery store.
- 3.) Food Co-ops that have public membership.

**VI.) Pre-Application Meeting**

Any eligible entity seeking funding under this program must schedule a pre-application meeting with IFF to discuss its proposed project. The following topics will be discussed:

- A.)** The degree to which the project targets a priority area and will have a meaningful impact on the need for fresh foods as documented by an analysis of spending patterns and current grocery store locations. IFF can assist in making the above determinations.
- B.)** If applicant is a developer, the timing and status of selecting a grocery operator. The developer and operator together must support the Community Engagement Component.
- C.)** Project timeline and readiness (i.e. is project team assembled and land or property available).
- D.)** The proposed vendors that will supply products.
- E.)** Whether the eligible entity is the right fit for the community and whether its experience will meet the community's needs.
- F.)** The grocer's experience with WIC and SNAP benefit programs.
- G.)** The Community Engagement Component.
- H.)** The eligible entity's approach and promotion to provide access to fresh foods within its store, including square feet dedicated to fresh fruits and vegetables.
- I.)** The eligible entity's commitment to job creation, hiring strategies, and employee training.
- J.)** What other funds have been committed to the project.
- K.)** Whether the eligible entity can demonstrate a financial need for the funding. Financial need means that the project cannot be fulfilled without loan funds and conventional financing is not available or is insufficient.

To schedule a pre-application screening or for questions about applying for the HFA Fund, please contact Dana Lieberman, IFF Senior Vice President of Capital Solutions, at 312.596.5108 or via email at [dlieberman@iff.org](mailto:dlieberman@iff.org).

**VII.) Application Form**

**A.) Business Information**

Date

Legal Name of Business

Type of Business	Legal Entity:	Tax ID#
Supermarket	Nonprofit Corp	
Food Cooperative	For Profit Corp	
Other	General Partnership	
	Limited Partnership	
	Limited Liability Co	
	Sole Proprietorship	
	Other	

Formation Date	Annual Revenue	Business Address
----------------	----------------	------------------

Phone

City	State	Zip Code
------	-------	----------

Web Address	Current number of part-time employees	Current number of full-time employees
-------------	---------------------------------------	---------------------------------------

Proposed additional number of part-time employees	Proposed additional number of full-time employees
---	---

**B.) Contact for this application**

Legal name of individual Position

Email Phone

Cell Phone Fax

**C.) Project**

Full street address of facility being financed (Cannot be a P.O. Box). If multiple addresses, list all of them:

City	State	Zip Code
------	-------	----------

Total Square Feet of Site	Total Square Feet of Building	Total Square Feet of grocery store (if multi-tenant):
---------------------------	-------------------------------	---

Which option describes the project?

- New Construction
- Renovation

Status of Project Site Control

If you answered "other" please describe:

- Currently Owned
- Under Contract
- Currently Leased
- Negotiating Lease
- Specific Properties Not Yet Identified
- Other

**D.) Total Project Uses and Sources**

Use of Funds (provide as much information as possible. Use an additional sheet if necessary)

Predevelopment Costs

Acquisition

New Construction

Renovation

Equipment

Other (e.g. working capital, FF&E, inventory

1.)

2.)

3.)

**Total Uses of Funding**

Funding Sources and Loan Request (include all sources that have been identified. Attach an additional sheet if necessary).

Requested Loan from the HFA Fund

Loans From Other Sources

Source 2

Source 3

Owner's Equity Contribution

Other Funding Sources (list)

Source 2

Source 3

**Total Sources of Funding**

**E.) Loan Purpose**

What expenses will the loan be used to cover:

**F.) Management Information**

Full Name

Position

Home Address

Percent Owned

Full Name

Position

Home Address

Percent Owned

Full Name

Position

Home Address

Percent Owned

### **VIII.) Additional Information**

The following information must be provided on a separate sheet.

#### **1.) Background *Please Include:***

- A.) History of applicant business.
- B.) Management qualifications (food market operating experience and/or real estate development experience).
- C.) Resumes/Bios of key staff members.
- D.) Previous experience with similar projects.
  - a.) Describe any experience in the grocery business in low-income communities or high need areas for fresh and healthy food access.
  - b.) Describe any experience the applicant has with educating and marketing to shoppers to encourage healthy diets.
- E.) Has the applicant met with community leaders and/or local officials to discuss the project? If so, list those individuals, and provide letters of support, if available.

#### **2.) Project Summary *Please Include:***

- A.) Background information about the community.
- B.) Description of the specific needs and characteristics of the community and its members at the proposed site. Describe how the business plan reflects these needs.
- C.) Description of market research that has been done to determine that the proposed site is an opportunity for a successful grocery store. Please attach market research.
- D.) Description of the real estate project for which financing is requested (as-is condition, scope of work, how its design and location serve the needs of the community).
- E.) Food and grocery vendor relationship.
- F.) Whether the project is an expansion of an existing business, or how it relates to an existing business.
- G.) Any additional information about the ownership of the business or the relationships the business that are important to understanding project.
- H.) Other financing available or efforts to obtain other financing.
- I.) In-Store Merchandising Plans
  - a.) Commitment to the provision of fresh foods as a percent of store merchandise. Include a description of the volume of and square feet dedicated to fresh fruits and vegetables.
  - b.) Plans for de-emphasizing unhealthy products such as tobacco products and junk food, particularly for children.
- J.) In-Store Promotions
  - a.) Description of In-Store marketing activities and programs designed to promote the use of healthy foods by shoppers. (Examples: emphasis on fresh foods and healthy food promotions in the store on a regular basis, including samples, seasonal displays, nutrition information available for products, and fresh foods preparations/ cooking demonstrations).

### 3.) Community Engagement

Describe the proposed Community Engagement Component including a listing of relationships, partnerships, or alliances with community organizations that help promote healthy foods, bring shoppers to the store for healthy foods items, and support local efforts to promote healthy eating.

Examples may include:

- A formal relationship between the grocer and a community business or institution that identifies potential shoppers and links their shopping interests to improved food shopping decisions.
- A formal relationship between the grocer and a community business or institution that is based on an exchange of value, such as a coupon for fruits, vegetables, cooking or menu planning classes, purchased and distributed by the community business and honored by the grocer.
- A written agreement with a nonprofit community organization to participate in, guide, promote, and support programs that include nutrition education, healthy shopping and eating, family meal planning, and information about diet-related disease. Information about such programs should include the frequency, location and leadership of such programs.
- A written agreement with a school related to shopping and food preparation education, including information about healthy eating and diet-related disease.
- A program managed and led by the grocer but taking place outside the store that supports farmers, agriculture, farmer's markets and relationships among these and other entities in the community.

### 4.) Additional Exhibits Required For a Complete Application

- Job Creation: Please fill out attached **Addendum 1** regarding job creation.
- References: Provide contact information for business references. Suggested references include loan officer, accountant, and supplier.
- Personal Financial Statements: Provide a current, signed personal financial statement for all owners (proprietors, partners and stockholders with >20% ownership) of applicant business.
- Operating Pro Forma: Provide 3-year operating projections for the project being financed. Include written assumptions.
- Commitment from Grocery Operator: If applicant is a developer, provide documentation from the operator (e.g. draft lease).
- Business Plan: Business plan should include market research and projected revenues.
- Resumes: Provide copies for all individuals with 20% or greater ownership, and all key management personnel.
- Financing Commitment Letters: Provide for all sources listed in the budget.
- Evidence of Site Control: Copy of lease, agreement of sale or deed showing ownership of property (whichever is applicable).
- Project Team: List of project team and their qualifications: architect, general contractor, consultants.
- Documents: Provide a copy of appraisal, environmental audit, market study, merchandising/store plan, and construction plans and specifications, as available.

### IX. Disclosures and Signatures

Are you or your business involved in any pending lawsuits?	Have you or your business been involved in a lawsuit at any time during the past 5 years?
Yes	Yes
No	No

Have you or any officer of your company been involved in bankruptcy or insolvency proceedings?

Yes  
No

Have you or any officer of your company served as an officer or director of a company that was involved in a bankruptcy or insolvency proceeding?

Yes  
No

If you answered yes to either of these questions, please attach a detailed explanation.

Name of Business

Signature/Title

Date

**Anyone listed as an owner in Section VII.F. should sign and date below:**

Signature/ Title

Date

Signature/ Title

Date

Signature/ Title

Date

Signature/ Title

Date

Signature/ Title

Date

Signature/ Title

Date

Signature/ Title

Date

Signature/ Title

Date

**To Submit**

Email completed application and supporting documentation to Dana Lieberman:

dlieberman@iff.org

312.596.5108

I/We authorize IFF to investigate my/our personal and business financial credit history as necessary to process a loan application. The undersigned authorize any person or consumer reporting agency to give IFF any information it may have on the undersigned. Each of the undersigned authorizes you to answer questions about your credit experience with the undersigned. THE UNDERSIGNED, in applying for financial assistance from IFF, recognizes that prior to receiving any financial assistance he or she will agree to comply with all federal, state and local laws and regulations to the extent that such are applicable. Depending on the nature of the loan request, a real estate appraisal may be required prior to final approval. If an appraisal is ordered, the undersigned applicant(s) agree to reimburse IFF for the cost of the appraisal and review fees whether or not the loan is approved or consummated.



**Project Job data - Addendum 1**

Provide your best estimate for the jobs created and retained due to this project.

**Grocery Store Jobs**

Full-time equivalent (FTE) positions at project site currently (i.e. at point of application):

Number of positions created at all sites due to project (in full-time equivalents):

Number of full-time equivalent positions (1) retained due to project:

**Grocery Store Jobs**

Full-time equivalent construction jobs created over course of project:

Overall number of construction jobs expected due to project:

Construction time in months

(1) Jobs retained are jobs that would have been lost if the loan had not closed. This includes staff positions that would be terminated if project is not funded.